

# San Jose



CAPITAL  
OF  
SILICON VALLEY

## Economic Development Strategy

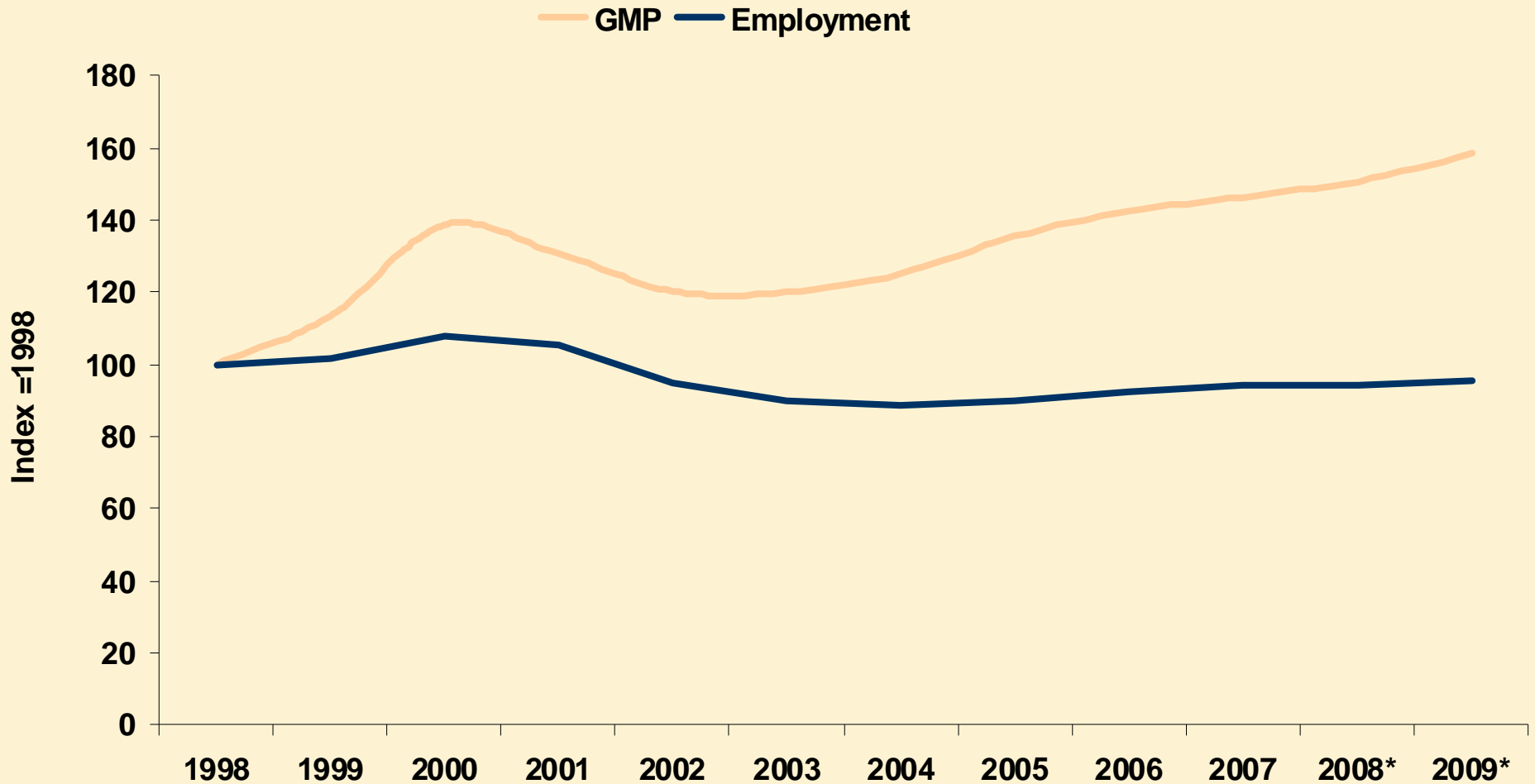
Economic Outlook  
May 7, 2008

# VITAL CYCLE OF SUCCESS



# I. Signs of Tempered Local Recovery

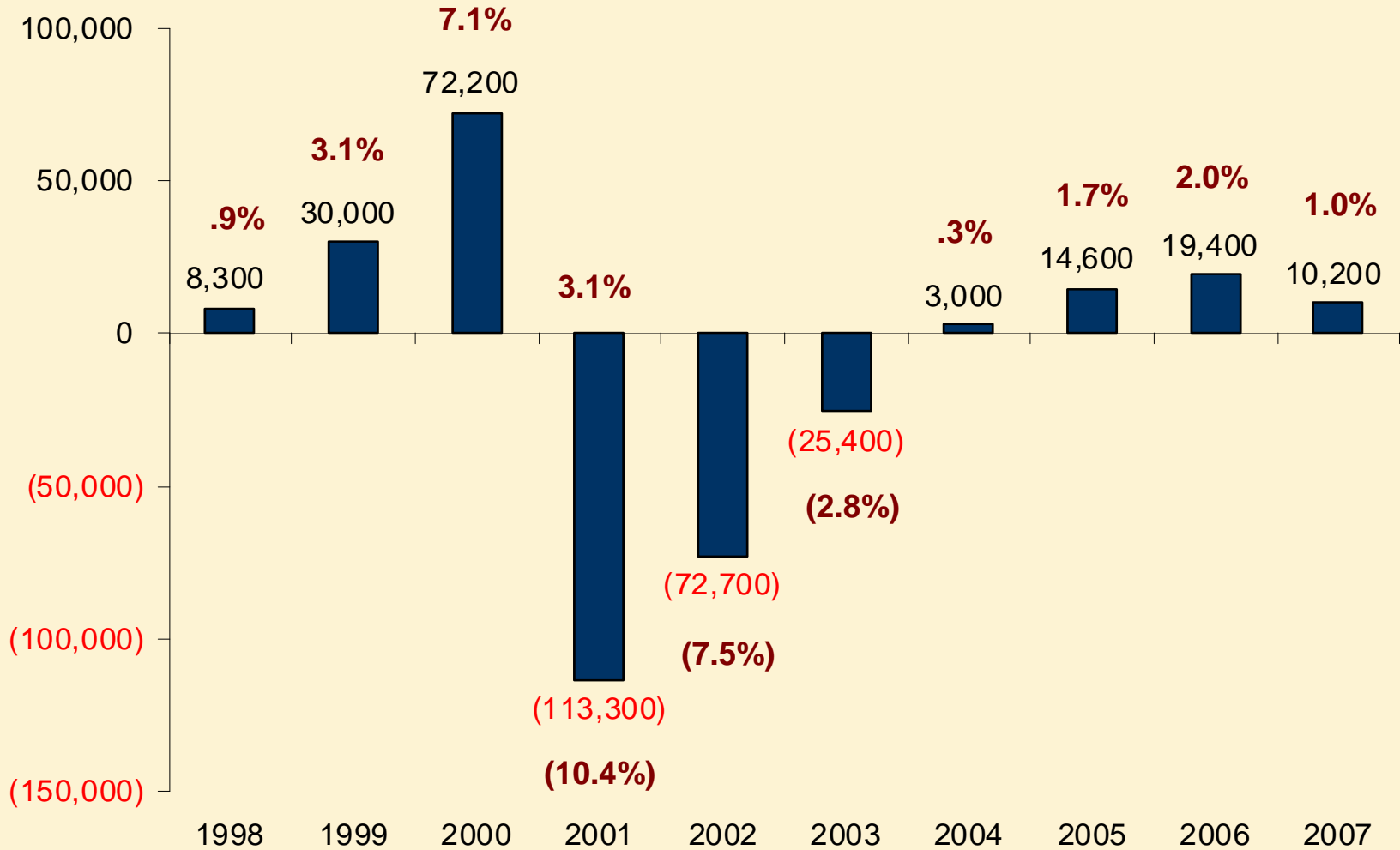
# GMP SURPASSED THE 2000 LEVEL, EMPLOYMENT LAGS



## Gross Metropolitan Product San Jose MSA

Source: Economy.com, \*Estimate

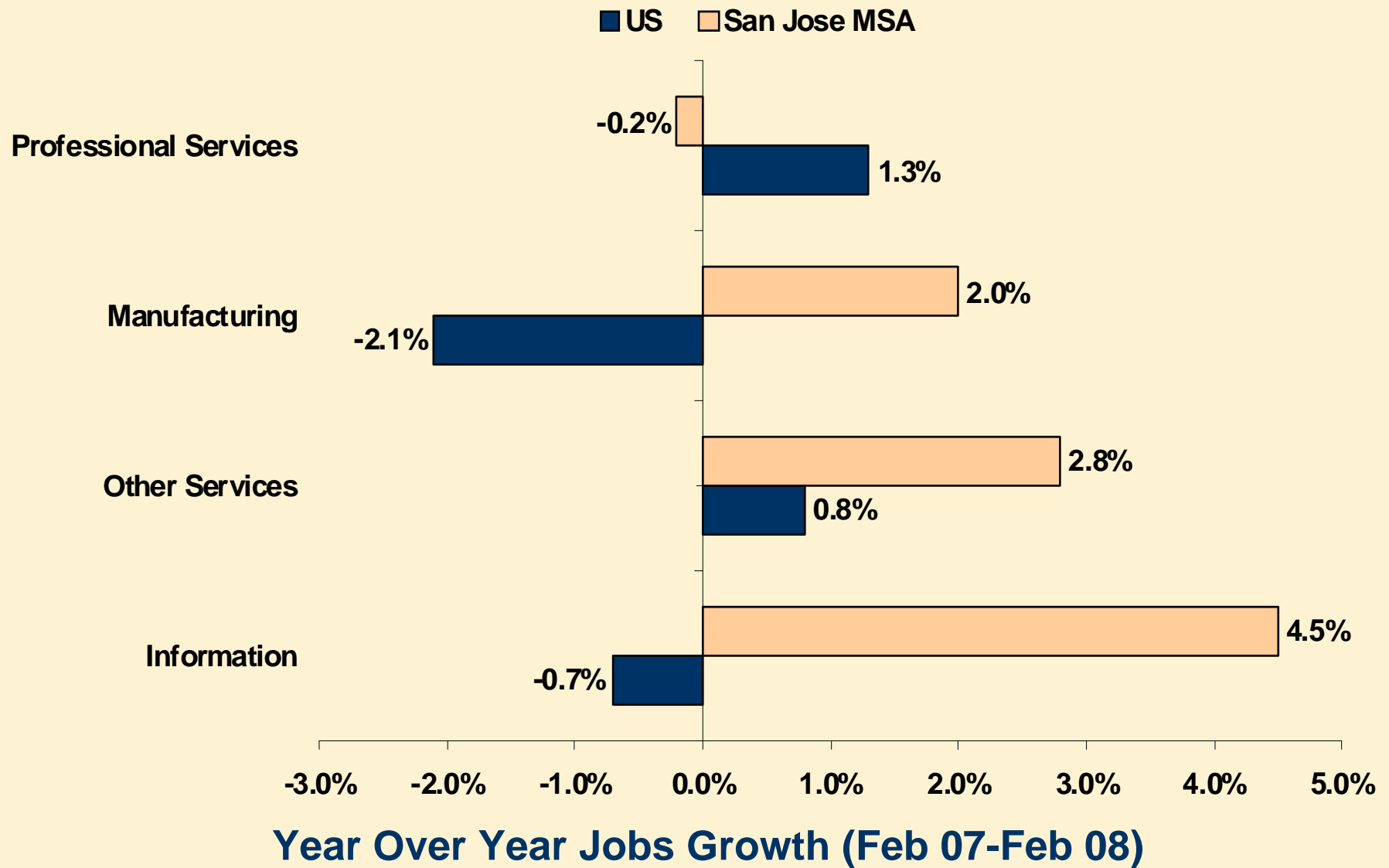
# INCREMENTAL JOB GAINS



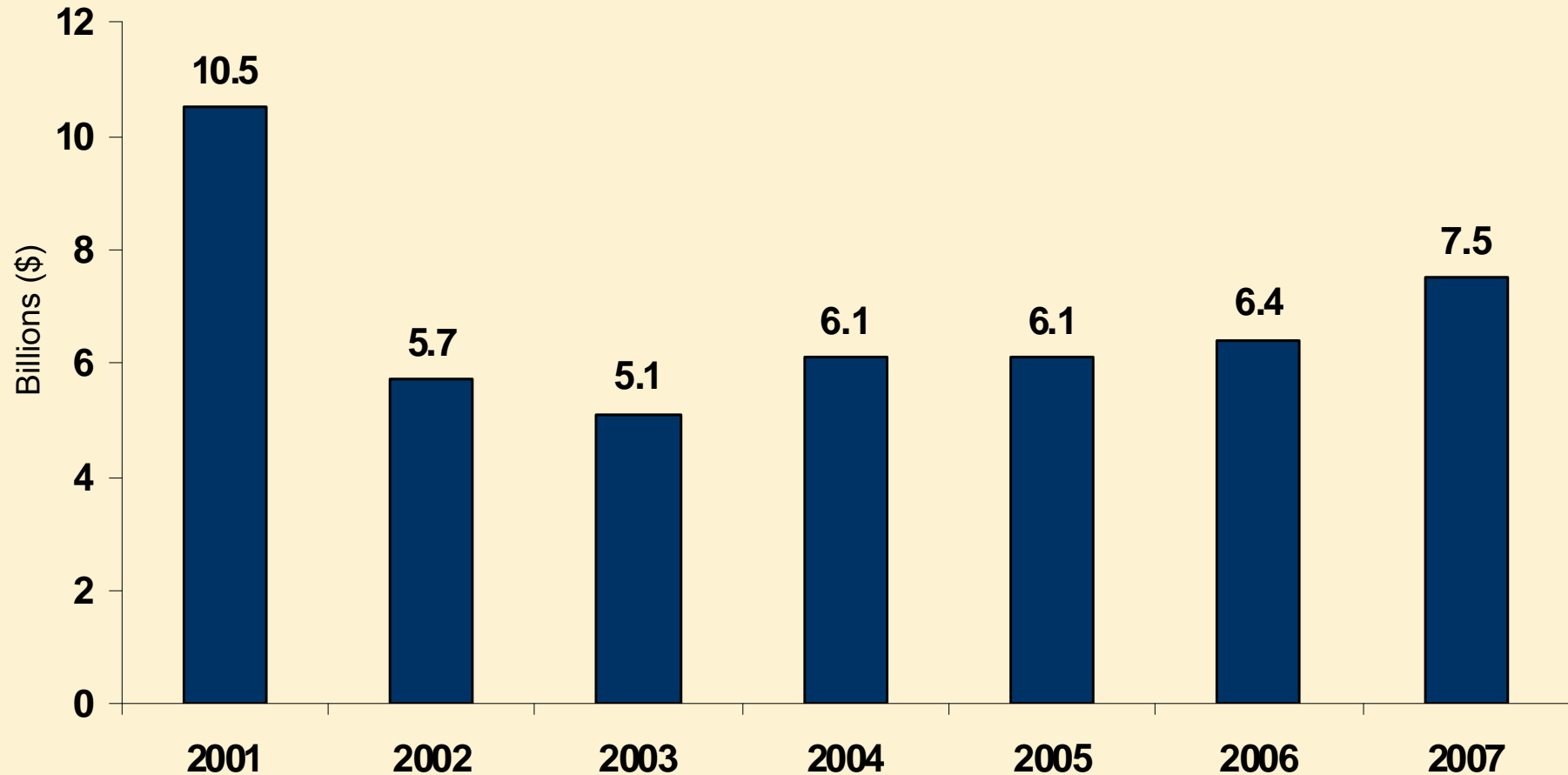
**Net Job Growth, San Jose MSA**

Source: Employment Development Department

# TALE OF TWO ECONOMIES



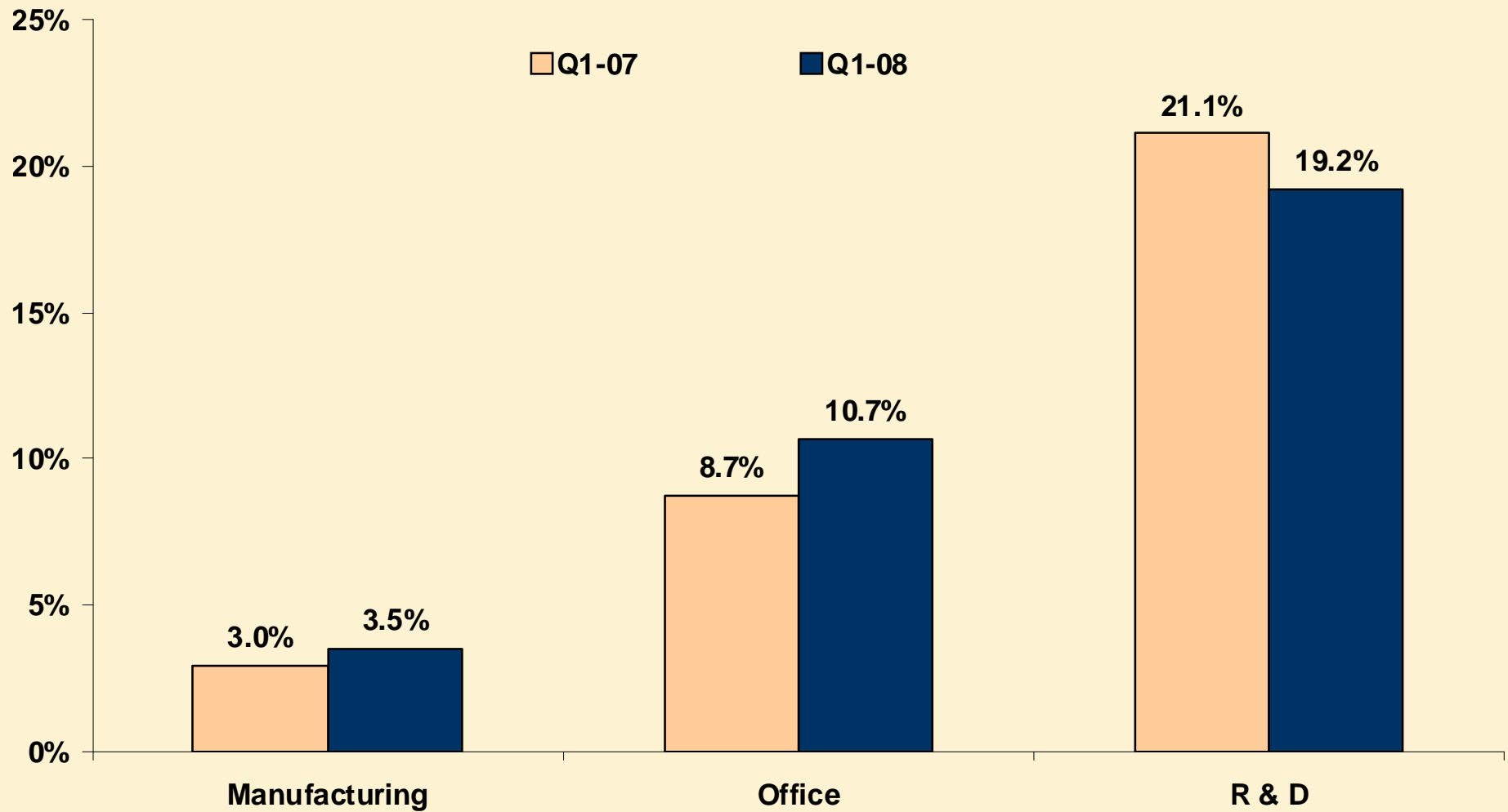
# STEADY GROWTH IN VENTURE CAPITAL



## Venture Capital Investment, Silicon Valley

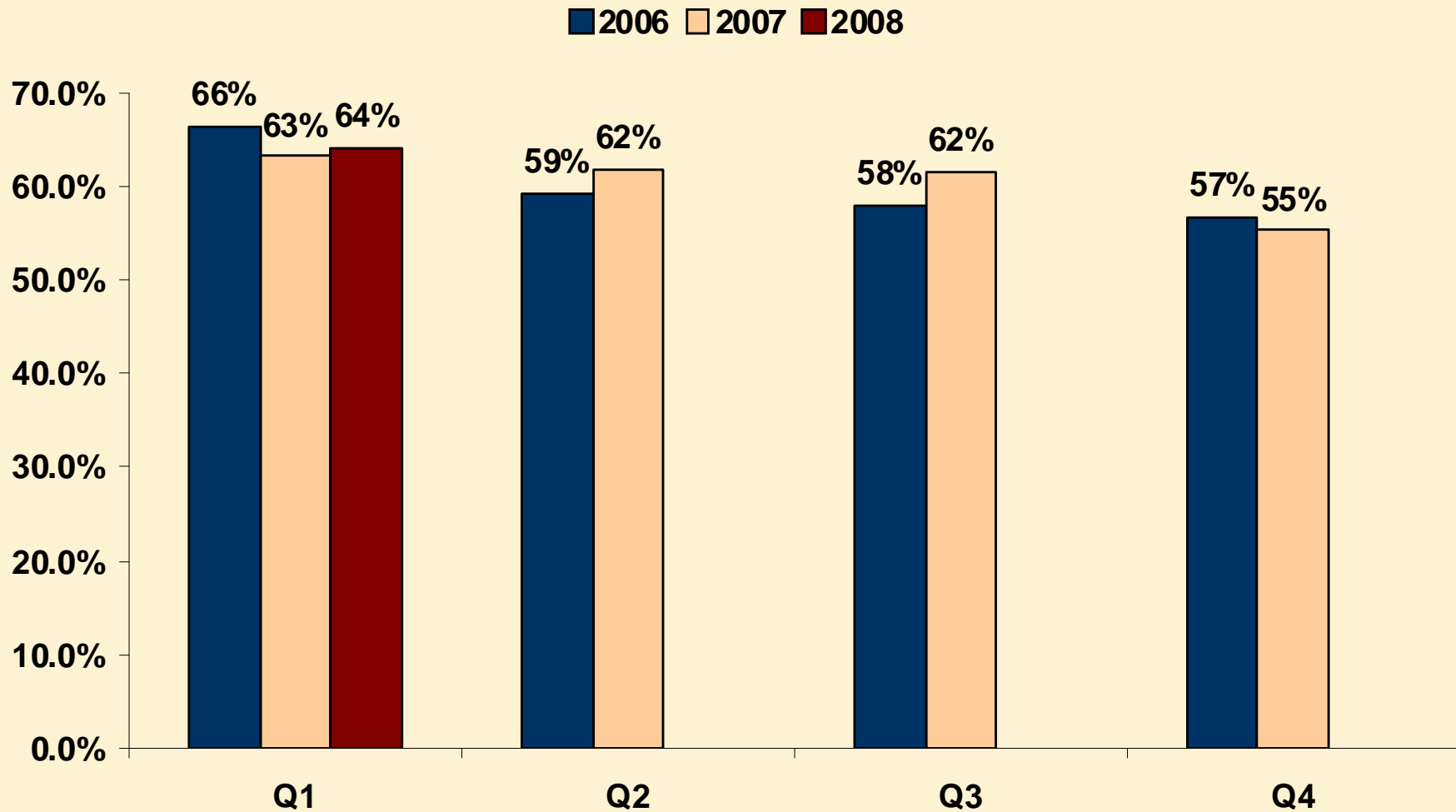
Source: PricewaterhouseCoopers/Venture Economics/National Venture Capital Association MoneyTree™ Survey 2007

# R&D VACANCY IMPROVING, OFFICE SPACE WORSENS SLIGHTLY



**Vacancy Rates, San Jose, 1<sup>st</sup> Qrt 07-1<sup>st</sup> Qrt 08**

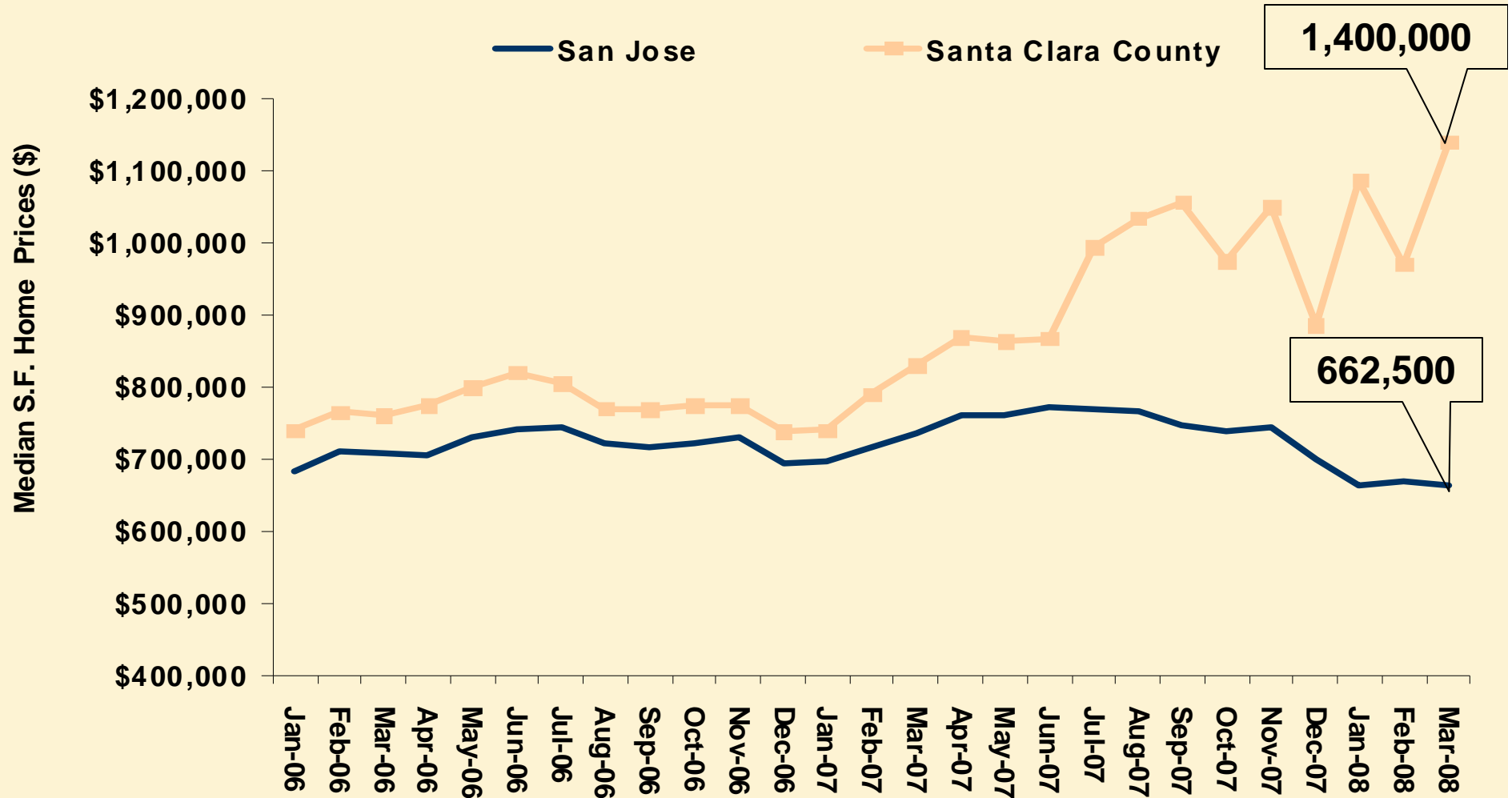
# STRONG YEAR-OVER-YEAR OCCUPANCY GROWTH



## Hotel Occupancy, San Jose

Source: San Jose Convention & Visitors Bureau

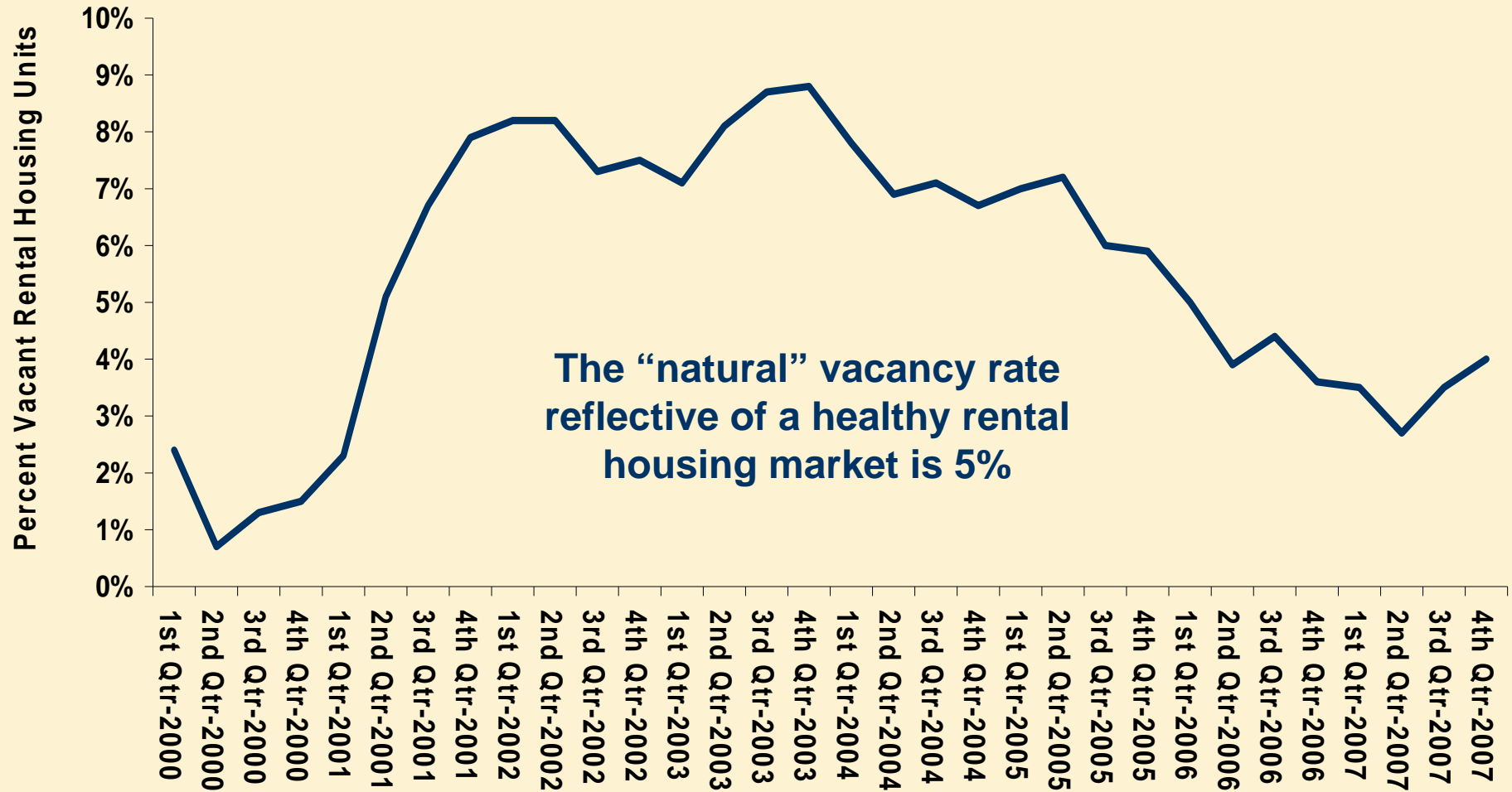
# SAN JOSE MEDIAN HOME PRICES FALL 10% YEAR OVER YEAR



**Santa Clara County/San Jose Median Sale Prices**

Source: Santa Clara County Association of Realtors, March 2008

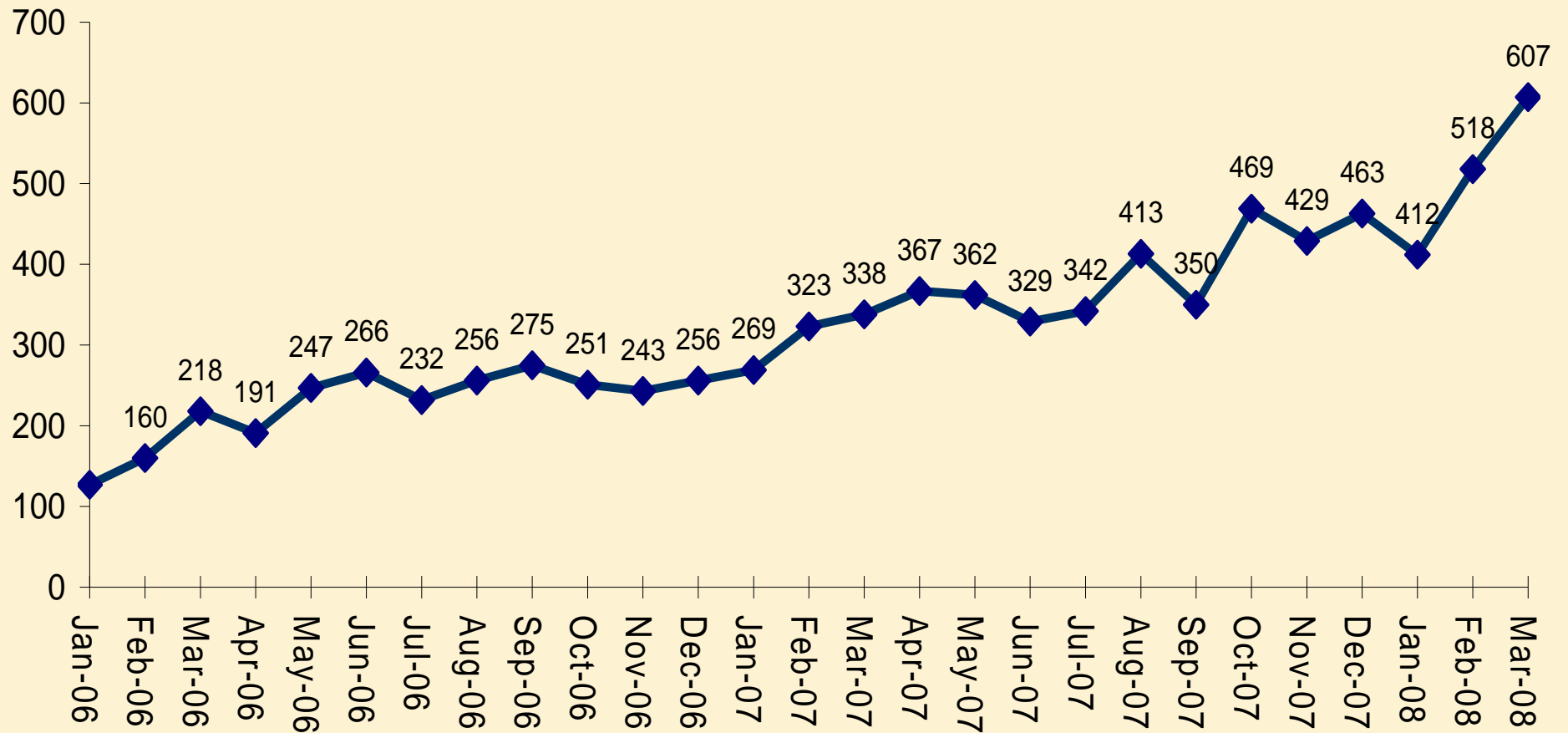
# RENTAL VACANCY RATES RISE TO 4%



## San Jose Rental Housing Vacancy Rates

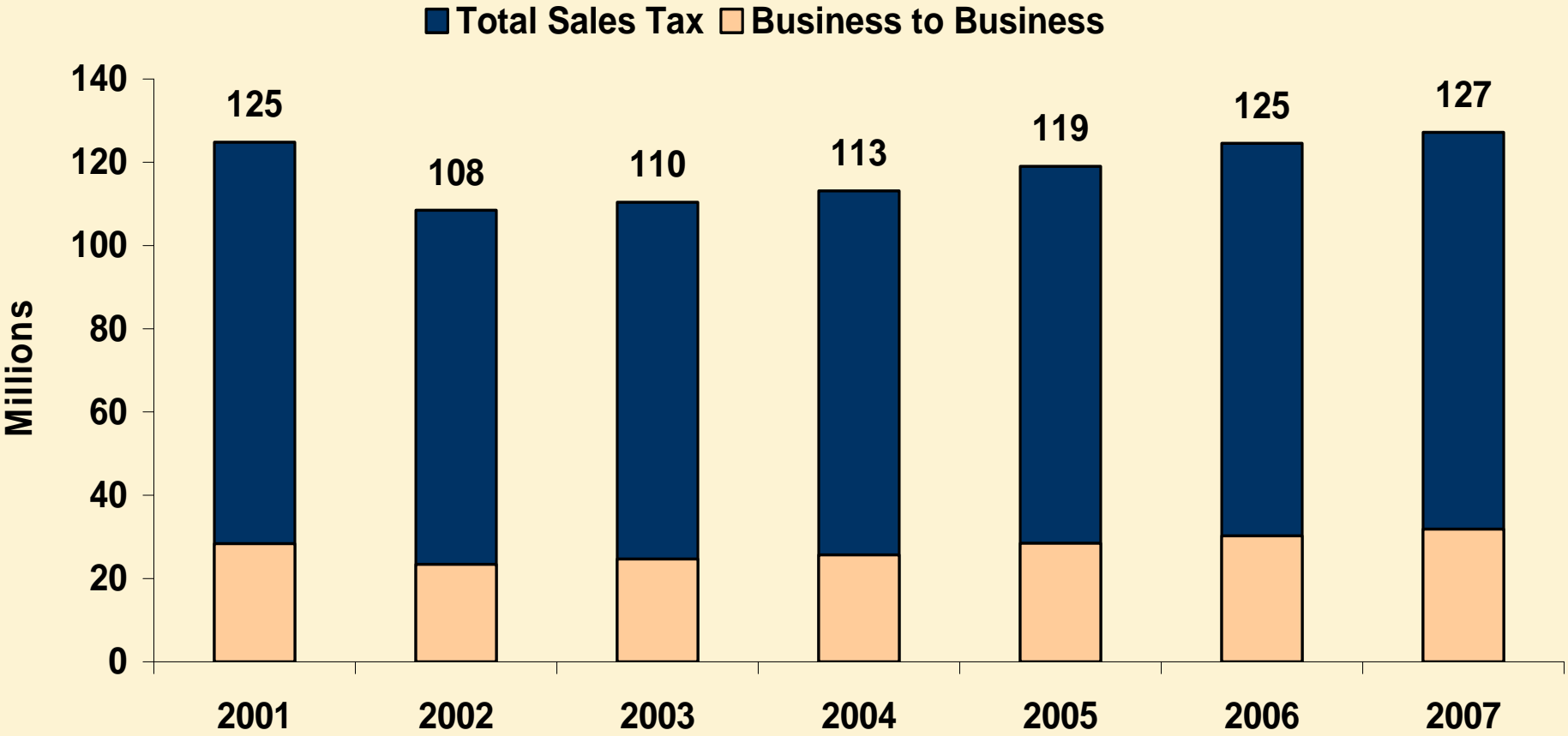
Source: RealFacts through Dec 2007 – Data only includes rental projects with 50 units or more

# BANKRUPTCY FILINGS ON THE RISE



Source: U.S. Bankruptcy Court

# SALES TAX SHOWING INCREMENTAL GROWTH



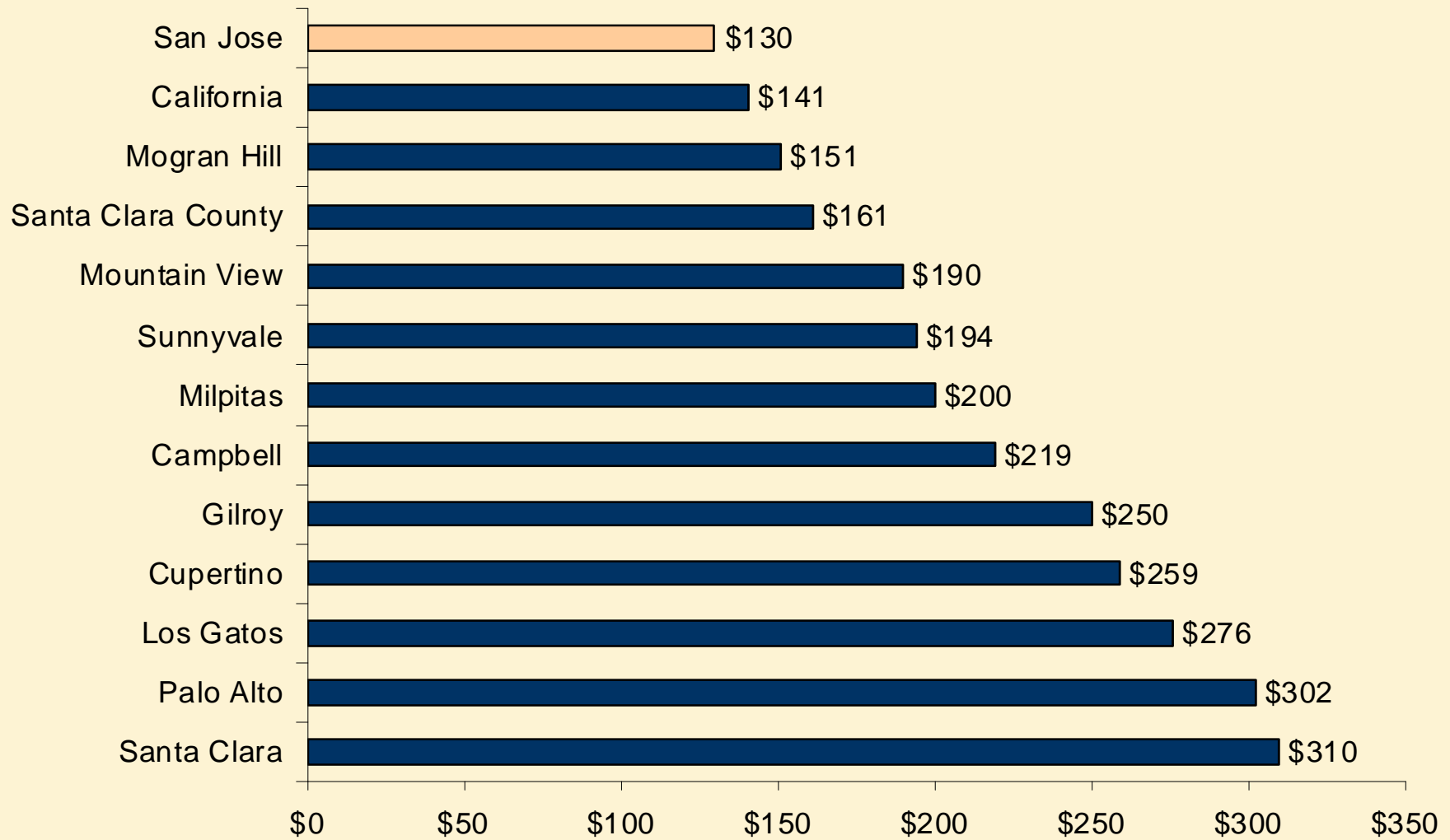
Business-to-Business Category Growing Again, Calendar Years

Source: Muniservices, 2007

# TRANSIENT OCCUPANCY TAX GROWING



# PER CAPITA SALES TAX LAGS REST OF THE STATE



**Sales Tax, Calendar 2007**

# RISING COSTS CHALLENGING RESIDENTS

In the last 2 years...

- Bay Area gas prices have risen 18%
- Bay Area Consumer Price Index (CPI )
  - 2006 CPI increased 3.2%
  - 2007 CPI increased 3.3%

# LOCAL GROWTH ANTICIPATED

- Job Growth: 1% in 2008, 2009, 2010
- Drivers: Emerging small tech firms, R&D and HQ of larger companies— including foreign
- Dampers: High costs, globalization of tech jobs